

Message Text

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PAGE 01 KUALA 06519 300956Z

ACTION EB-08

INFO OCT-01 EA-10 ISO-00 AF-10 ARA-10 EUR-12 NEA-11

AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00

ICA-11 SP-02 SOE-02 OMB-01 DOE-15 OIC-02 JUSE-00

/156 W

-----104770 301004Z /17

P R 300800Z JUN 78

FM AMEMBASSY KUALA LUMPUR

TO USMISSION GENEVA PRIORITY

INFO SECSTATE WSHDC 5944

C O N F I D E N T I A L KUALA LUMPUR 6519

E. O. 11652: XGDS-1

TAGS: MTN, ETRD, MY

SUBJ: US/MALAYSIAN MTN BILATERAL

REF: GENEVA 09195

1. EMBASSY RAISED ISSUE OF PALM OIL BINDINGS WITH SENIOR MINISTRY OF PRIMARY INDUSTRY OFFICIAL WHO PROFESSED TO BE UNAWARE OF US OFFER AND REQUEST. HE INDICATED THAT HIS MINISTRY WAS QUITE INTERESTED IN THIS PROSPECT AND THAT HE WOULD CONTACT GOM'S MINISTRY OF TRADE AND INDUSTRY IN THIS REGARD.

2. EVEN MORE INTERESTING RESPONSE OCCURRED WHEN WE CONTACTED WELL CONNECTED SOURCE IN THE PALM OIL INDUSTRY WHO IS WELL VERSED IN MTN MATTERS. HE INFORMED US THAT THE INDUSTRY IS QUITE AWARE OF THE BINDING POSSIBILITY AND IS, OF COURSE, EAGER THAT THIS SHOULD RESULT FROM THE MTN. THE INDUSTRY WOULD NATURALLY PREFER A BINDING AT ZERO BUT IS QUITE CONTENT WITH A ONE CENT PER POUND BINDING AND HAS
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PAGE 02 KUALA 06519 300956Z

PRESENTED THIS POSITION TO THE GOM. OUR SOURCE INFORMED US THAT THE "NO BINDING" POLICY OF THE GOM IN GENEVA IS NO MORE THAN A NEGOTIATING STANCE. THIS BELIEF IS BASED ON THE FACT THAT HE WAS TOLD THIS IN CONFIDENCE BY YEE CHE FONG, THE HEAD OF MALAYSIA'S MTN DELEGATION. HE CLAIMS THAT THE MINISTRY OF TRADE AND INDUSTRY IS WELL AWARE OF THE

IMPORTANCE OF THE PALM OIL INDUSTRY AND OF THE
NECESSITY TO RECIPROCATATE IN ORDER TO OBTAIN THIS
IMPOORTANT CONCESSION. HE BELIEVES THAT THE GOM
WILL BE WILLING TO BIND ON SOME NON-SENSITIVE ITEMS.

3. COMMENT: WE CONCUR WITH THE OPINIONS
EXPRESSED IN PARA TWO AND BELIEVE THAT THE U.S.
DELEGATION SHOULD HOLD FIRM TO ITS POSITION REGARDING
RECIPROCAL BINDING. WE THINK TREASURY CAN BE
BROUGHT ON BOARD IN THIS MATTER IF IT IS CLEAR
THAT WE WILL NOT BIND BIND ON PALM OIL UNLESS THE GOM BINDS
ON ITEMS OF INTEREST TO THE USG.
MILLER

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NNN

Message Attributes

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Disposition Approved on Date:
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